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No. 88-1555

IN THE
Supreme Court of the United States
OCTOBER TERM, 1988

STEELCASE INC.,
Petitioner,

v.

HAWORTH, INC.,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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REPLY BRIEF OF PETITIONER

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Respondent's efforts to portray this case as too routine or insignificant to warrant review are, we submit, wholly unpersuasive. Petitioner's basic position in this Court is that the Federal Circuit has continued to demonstrate a pattern of inattention to the proper limits of its review of factual findings, and that this would be an especially appropriate case in which to address that important issue because of the clarity of the error below and the almost cavalier approach adopted by the court of appeals in a case of this magnitude. Respondent does not even attempt to defend the Federal Circuit's general approach to appellate review. Its sole argument is that this case is not one where factual findings precluded an appellate "finding" of infringement. This argument, however, is demonstrably incorrect.

In attempting to defend the Federal Circuit's ruling, respondent does little more than repeat that court's cursory, and clearly insufficient, analysis. Thus, like the court below, respondent relies on the proposition that interpretations of patent claims are legal holdings subject to plenary appellate review, and says virtually nothing about the equally clear principle that such interpretations may be based on subsidiary factual findings that must be accepted on appeal unless clearly erroneous. It then goes on to suggest, in definance of both law and logic, that the Federal Circuit was correct in ignoring altogether the purely factual issue of "reverse equivalents," despite district court findings that would require application of that defense even if the claims as reconstrued literally embraced petitioner's products.

1. With respect to the first step of the infringement inquiry--interpretation of the Haworth patent claims themselves—respondent's basic position is that the court below "properly construed the claims, *as a matter of law*, based on well-settled legal principles." Br. in Opp. at 4 (emphasis in original). While not disputing that in a proper case, claim interpretations may be effectively controlled by subsidiary factual determinations concerning the meaning of disputed technical terms, the nature of the prior art and the like,[1] respondent flatly asserts that

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[1] As noted in our petition, the Federal Circuit itself has recognized that such subsidiary factual findings may effectively control the outcome in an infringement case, yet are properly subject to appellate review under the "clearly erroneous" standard. *See Smithkline Diagnostics, Inc. v. Helena Laboratories Corp.*, 859 F.2d 878, 882 (Fed. Cir. 1988); *Perini America, Inc. v. Paper Converting Machine Co.*, 832 F.2d 581, 584 (Fed. Cir. 1987). The fact that the court below has nevertheless felt free to ignore this limitation on its review authority, in this context as in many others, *see* Pet. 7-8, belies respondent's suggestion that petitioner could have obtained appropriate relief by seeking *en banc* review. And certainly a request for *en banc* review has never been a prerequisite to a petition for writ of certiorari.

this was not such a case. *Id.* It states that "the district court's interpretation of the claims was *not* based on disputed terms, or even disputed testimony." *Id.*

But asserting something, however strongly and repeatedly, does not make it true. Here, there is no doubt whatever that the key to the claim interpretation issue is the meaning of "disputed terms" like "fixedly mounted" and "cooperating hinge parts." In arriving at its understanding of these terms, the district court relied on testimony from respondent's own technical personnel as well as on analysis of the prior art and prosecution history of the patents. *See* Pet. 8-11. The court of appeals, however, asserted the right to arrive at its own interpretation of these terms and, in so doing, accorded no deference to the district court's analysis and ignored the testimony and factual determinations that underlay that analysis.

In *Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809 (1986) (*per curiam*), this Court reversed the Federal Circuit because of that court's failure to keep clear the distinction between the ultimate issue of law—there the issue of "obviousness"—and the underlying factual issues as to which the district court had made findings. As we have explained, the outcome here was based on precisely the same blurring of this key distinction, in clear contravention of the "clearly erroneous" review standard of Fed. R. Civ. P. 52. In view of the practical impact of this ruling on an entire industry, and the fact that this error is hardly unique in the Federal Circuit, we submit that intervention by this Court is clearly warranted.

2. Respondent's defense of the second part of the ruling of the court of appeals—the finding of infringement of the Haworth patents as reconstrued by that court—is equally deficient. Haworth does not dispute that the issue of infringement, including the application of the

doctrine of "reverse equivalents," is purely factual. Nor does it dispute that the district court made factual findings that would require application of that doctrine and a holding of no infringement—*i.e.*, findings that petitioner's accused products performed similar functions in a greatly improved and substantially different way. *See* Pet. 12-13 & n. 13. Yet it contends that the Federal Circuit acted appropriately in not even addressing these findings and ruling that there was infringement in this case.

Other than denigrating a legal doctrine that has been a recognized feature of patent law for at least a century, Br. in Opp. at 7, respondent's sole argument on this point is the assertion that the improvements in the Steelcase design involved "features *not* required by proper construction of the patent claims," *id.* at 6 (emphasis in original). But this statement amounts to nothing more than a reiteration of respondent's earlier argument that the Haworth claims were properly read broadly enough to cover petitioner's new designs. It does not in any way suggest that the doctrine of "reverse equivalents" is inapplicable in this context.

As we explained in the petition, this doctrine comes into play only where the patent claims at issue are broad enough to encompass literally a defendant's product. In order to "benefit the inventor's genius and not the scrivener's talents," *Autogiro Co. of America v. United States*, 384 F.2d 391, 399-400 (Ct. Cl. 1967), the law provides a defense "where a device is so far changed in principle from a patented article that it performs the same or similar function in a substantially different way." *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 608 (1950). As this statement indicates, the relevant comparison is between the new device and the "patented article" itself. *See also Westinghouse v.*

Boyden Power Brake Co., 170 U.S. 537, 571 (1898) ("Conceding that the functions of the two devices are practically the same, the means used in accomplishing this function are so different that we find it impossible to say . . . that they are mechanical equivalents.") That, as respondent concedes, is precisely the comparison drawn by the district court in its findings.

It follows that it is a *non sequitur* for respondent here to rule out the defense of reverse equivalents on the ground that the district court's comparison involved changes in features of the original Haworth design that were not "required" by the patent claims. *E.g.*, Br. in Opp. at 2. That will always be true where the doctrine applies, since it is predicated on the assumption that the patent claim is broad enough to encompass literally both the original device and the allegedly infringing device. The issue is whether the patentee should be allowed to foreclose such a new competing device, where it contains substantial improvements in the means of performing the same function.

In sum, respondent has been unable to provide any valid argument to support the Federal Circuit's complete disregard of the factual findings in this case that would prevent a conclusion that petitioner is liable for infringement—regardless of the scope of the patent claims themselves. Here again, there is a clear need for action to require the court of appeals to respect the proper role of the district courts in making factual determinations. It simply makes no sense to require patent litigants to undergo lengthy trials in the district courts, only to know that any findings issued may be second-guessed freely on appeal or simply ignored.

CONCLUSION

For these reasons, the writ of certiorari should be granted.

Respectfully submitted,

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